



United States  
Department of  
Agriculture

Farmers  
Home  
Administration

Washington  
D.C.  
20250

FmHA AN No. 1819 (1902)

NOV 2 1988

SUBJECT: Minority Bank Deposit Program

TO: All State Directors, District Directors,  
and County Supervisors

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to update existing procedure concerning Treasury Department's reporting requirements for public monies on deposit with minority financial institutions.

COMPARISON WITH PREVIOUS AN:

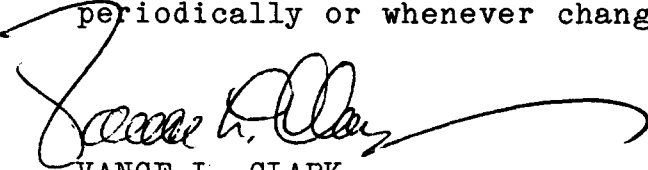
Previous ANs pertaining to this subject have expired.

IMPLEMENTATION RESPONSIBILITIES:

In the past, field offices were required to complete the quarterly report entitled "Federal Deposits in Cities that have Minority Financial Institutions." This quarterly report is no longer required.

However, there is a continuing need to enhance the spirit of the Federal Government's Minority Bank Deposit Program. As part of the Government-wide effort to support the development of minority enterprises, field offices should continue to provide borrowers with the names of minority financial institutions in their areas and to recommend that borrowers utilize those institutions in supplying the various needs for banking relationships within the Farmers Home Administration.

For your information, attached is a copy of the letter from the Treasury Department requesting continued support of the program and an updated roster of minority financial institutions and their locations as of May 31, 1988. This roster will be provided periodically or whenever changes are necessary.

  
VANCE L. CLARK  
Administrator

2 Attachments

EXPIRATION DATE: September 30, 1989

FILING INSTRUCTIONS:  
Preceding FmHA 1902-A



Farmers Home Administration is an Equal Opportunity Lender.  
Complaints of discrimination should be sent to:  
Secretary of Agriculture, Washington, D.C. 20250

1819(1902)

October 4, 1988

Issue for FP Weekly Staff Meeting  
October 5, 1988

SUBJECT: Delay in Processing EM Loan Applications  
Until ASCS and/or FCIC Disaster Program  
Benefits Have Been Paid

FmHA Instruction 1945-D §1945.163 (a)(2)(v) and (ix) currently read:

"The amount of actual production loss will be calculated for the single enterprise which is a basic part of the farming operation....by subtracting all financial assistance provided through any disaster relief program and all compensation for disaster losses provided by any source (i.e., crop insurance indemnity payments, ASCS disaster program payments) for that enterprise, from the gross dollar amount of production losses for that enterprise as determined in paragraph (a)(2)(iv) of this section."

The word "provided" has been interpreted to mean the EM loan applicant must have actually received such compensatory disaster payment(s) before FmHA can process the EM loan application. Administrator Clark has publicized this interpretation in news releases and in the FYI.

This new language in the regulation was changed from the previous version of FmHA Instruction 1945-D, which was in effect through August 21, 1988, and read as follows:

"The amount of actual production loss will be calculated.... by subtracting all compensatory disaster payments, which are related to the disaster and which have been received or will be received; i.e., crop insurance indemnity payments, ASCS disaster program payments or any other disaster compensation for that enterprise, from the gross dollar amount....section."

We have received questions from our State Office farmer program staffs, as well as criticisms from those staffs and representatives of ASCS and FCIC regarding this change in regulation language and change of policy.

We have also been advised by representatives of ASCS and FCIC (Jerry Newcomb and Mike Forgash respectively) that some of their disaster program payments and insurance indemnity payments will not be disbursed until January and even into March of 1989. If FmHA has to wait until those late dates to start processing EM loan applications, there will be numerous complaints because of the delays, bad public relations will be created unnecessarily, and applicants/borrowers will not be able to receive their EM loan funds in a timely manner, when needed.

We recommend the regulations be revised ASAP reinstating the language in effect prior to August 22, 1988, with a sentence added at the end of the paragraph to read as follows:

"EM loan applications will not be processed until written verification is received from ASCS, FCIC or any other source of disaster compensation stating the specific dollar amount(s) received or to be received by the applicant."

In the interim until the regs can be revised, we suggest an AN be issued to clarify the existing regulatory language, directing that the word "provided " in the context of §1945.163 (a)(2)(v) and (ix) be interpreted as meaning "verified in writing of specific dollar amount(s) received or to be received."

Submitted by:

Morris Monesson  
Deputy Director  
Loan Making Division